APPENDIX.

Government's Exhibit 148.

Chart Gibney's Computation re Schenck's 1936 Return

BK
84222
C107-440

JOSEPH M. SCHENCK

Income Tax Return Year 1936

Comparative statement showing Income and Deductions per return and as adjusted.

Line No. in Return	*Items of Income*	*Reported On Return*	*As Adjusted*	*Difference*
(1)	Salaries, etc. (Net) See Schedule 1	$85,323.40	$132,016.50	$46,693.10
(3)	Interest Received	14,294.63	22,575.30	8,280.67
(6)	Dividends	385,905.63	385,905.63	
(9)	Rents & Royalties (or Loss)	(12,257.62)	(7,158.09)	5,099.53
(10)	Capital Gains (or Loss)	6,077.04	6,212.04	135.00
(11)	Other Income	23,279.46	23,382.98	103.52
(12)	Total Income	502,622.54	562,934.36	60,311.82
	Items of Deduction			
(13)	Interest paid	2,652.74	1,937.74	715.00
(14)	Taxes paid	18,065.83	16,807.83	1,258.00
(16)	Bad debts	5,000.00		5,000.00
(17)	Contributions	15,243.00	11,893.00	3,350.00
(18)	Other deductions	27,754.24	9,822.60	17,931.64
(19)	Total Deductions	68,715.81	40,461.17	28,254.64
(20)	NET INCOME	$433,906.73	$522,473.19	$88,566.46
	Tax due at rates applicable to a single person under the Revenue Act of 1936	257,636.85	321,834.16	64,197.31

Government's Exhibit 148.

BK
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JOSEPH M. SCHENCK
Year 1936

SCHEDULE 1.

Schedule showing analysis of Salaries, etc.
(line 1 of the return).

	Received from	*Reported*	*As Adjusted*	*Difference*
	Twentieth Century-Fox	$130,000.00	$132,500.00	$ 2,500.00
(a)	Less: Expenses	44,676.60	483.50	44,193.10
	Net Salaries	85,323.40	132,016.50	46,693.10

(a) "Expenses paid and incurred in earning salary and not reimbursed from any source"

"Travelling and entertainment:

Hotel Expense	$ 4,792.46
Railroad Transportation & Entertainment	39,884.14
Total Expense re business	$44,676.60"

Details of Expenses, shown above.

Items	*Amount*	*Percent Claimed*	*Amount Claimed*	*Amount As Adjusted*	*Difference*
Cash checks	38,399.21	50%	19,199.10	—	19,199.10
Dues & Memberships	715.76	100%	715.76	137.00	578.76
Hotel expense	4,792.46	"	4,792.46	—	4,792.46
Cafe expense	2,021.30	"	2,021.30	—	2,021.30
Tickets	646.50	"	646.50	346.50	300.00
Flowers	1,341.36	"	1,341.36	—	1,341.36
Yacht Rental	584.19	"	584.19	—	584.19
Race Tickets	400.00	"	400.00	—	400.00
Palm Springs House expense	5,000.00	50%	2,500.00	—	2,500.00
House expense	24,951.87	50%	12,475.93	—	12,475.93
Totals	78,852.65		44,676.60	483.50	44,193.10

Statutes and Regulations Involved.

Revenue Act 1936.

"Sec. 23 *Deductions from Gross Income*

In computing net income there shall be allowed as deductions:

(a) *Expenses.*—All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business * * * "

"Sec. 145 *Penalties*

* * * * *

(b) * * * any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or the payment thereof, shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution."

Treasury Department Regulations, dated August 15, 1938, 31 C. F. R. 1938, Supp. 1, 3; D. C. 591 Sec. 3:

"Treasury Department Officers and employees are prohibited from testifying in court or otherwise with respect to information obtained as a result of their official capacities, without the prior approval of the Secretary, the Under Secretary, an Assistant Secretary, the administrative assistant to the Secretary, or the head of the bureau, office or division of the Department in which such officer or employee is employed."